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State treasurer says AZ could be broke in a month



Arizona could run out of money in February, in large part because tax collections are down nearly 15 percent from a year ago, according to State Treasurer Dean Martin.

Martin said the state has about the same amount of money it had in 2006 and, "Really, what we should think about doing is go back to the 2006 budget and say, 'Okay, what do we absolutely have to add back in for population growth, for inflation and caseload growth,' and build somewhere between the 2006 and 2007 budget numbers."

Arizona's budget for the current fiscal year is about \$1.2 billion in the red, and that figure is expected to rise.

The state got into trouble by ignoring a simple financial rule -- spend less than you make, Martin said.

"We wouldn't have the problem we have today had we not, in the past two years, been spending substantially more than we made," he said. "You've got about two years of spending now, catching up with us in the third year. That's why things are looking so dire for the state budget."

He added, "Our forecast is for the first half of 2009 to continue to be like the last three months have been -- pretty much floating along the bottom."

Lawmakers may have to consider delaying some programs to get the state out of debt, Martin said.

"In everything that's been promised over the last two years, table it and say, 'We'll get to those programs, we just can't do it this year. Maybe next year, year after that. When the economy comes back, that's the first thing we're going to do.'"

There is a light at the end of the tunnel, Martin said.

"It's probably a three-year, four-year recession, and we're two and a-half years in it, so we're more than halfway through this thing."

Meanwhile, an Arizona State University economics professor said the current economic nightmare is "hopefully" a once-in-a-lifetime event.

Anthony Sanders with ASU's W.P. Carey School of Business said the federal government has not handled the situation very well -- that the bailouts of everybody from banks to car makers to insurance companies has gone awry.

"Everybody wants a bailout," Sanders said. "I would call this, in terms of Roman history, the great sacking of the treasury."

He said there's no end in sight to the bailouts.

"It's just despicable to watch this happening... What we're seeing essentially is the looting and bankrupting of the U.S. government."

Sanders said he lost faith in Congress with each bailout, and now he's lost faith in the public's ability to see through the "marketing" of the bailouts.

"Basically, the American public was presented with day after day of doom 'n gloom scenarios on the what if's -- that included what if AIG failed, or the banks, or the car makers," said Sanders. "Who cares if Ford goes under? If I'm an employee of Ford, I wouldn't want to lose my job, but then, again, you could have lowered your wage rates. There's a whole bunch of arguments for why we should not have bailed out these companies."

It will take generations to pay off the massive debtload, said Sanders.

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